

From: [Sam Liccardo](#)
To: [Hadnot, Rhonda](#)
Subject: Fwd: Followup Re Senate Bill 29
Date: Tuesday, September 17, 2019 11:58:40 AM

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From: David Crane [REDACTED]
Date: Mon, May 27, 2019 at 1:32 PM
Subject: Followup Re Senate Bill 29
To: [REDACTED]

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Dear Legislators,

A comment from one reader has us concerned we may have buried the lede in yesterday's message (pasted below). So, to be clear:

- GFC supports Governor Newsom's proposal to expand Medi-Cal to young adults ages 19 through 25 regardless of immigration status.
- GFC opposes a Senate amendment to expand Medi-Cal to all Californians regardless of immigration status.
- GFC believes the legislature and governor should reform a Medi-Cal system that presently does a better job of enriching the profits of healthcare providers than the health of its 13 million customers.

Also, for those interested, here are sources for our math:

2007-08:

[GF Expenditures](#)

[Medi-Cal](#)

[Courts](#)

[CSU](#)

[UC](#)

2019-20:

[GF Expenditures](#)

[Medi-Cal](#)

[Courts](#)

[CSU](#)

[UC](#)

Cost of Governor Newsom's proposal: Page 38 of [May Revision](#).

Cost of amendment: Governor Newsom's quote [here](#).

Please let us know of any questions or comments.

David Crane

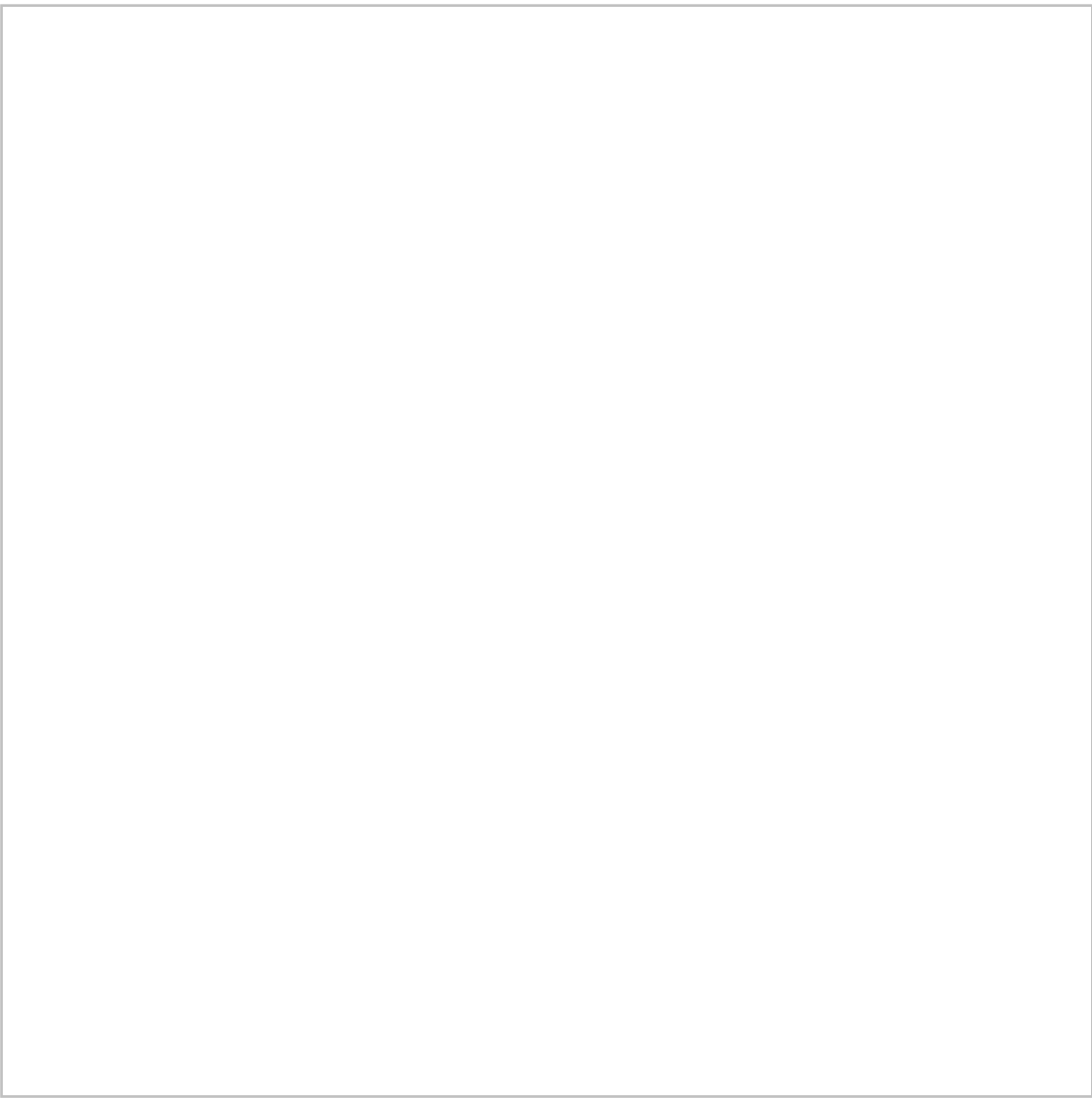
President

Yesterday's message:

Dear Legislators and GFC Supporters,

Medi-Cal is an entitlement to health insurance provided to low-income Californians. With 13 million customers, Medi-Cal is a voucher-type system funded by a combination of the state and federal government. Spending on Medi-Cal in the fiscal year starting July 1 is projected to be \$102 billion, \$23 billion of which is projected to come from the state's General Fund.

General Fund spending on Medi-Cal disproportionately burdens spending on discretionary programs such as UC, CSU and courts. That's because most other General Fund expenditures are constitutionally protected (eg K14, debt service) or contractually protected (eg pensions and other post-employment benefits for retired state employees), and while Corrections spending is neither constitutionally nor contractually protected, it is politically protected by powerful lobbies. That leaves discretionary programs such as UC, CSU and courts to absorb the consequences, leading to declining shares of the General Fund:



Governor Newsom has proposed making Medi-Cal available to young adults ages 19 through 25 regardless of immigration status. Despite the risks to discretionary programs, GFC supports that expansion. That's because 75 percent of those to be added under the governor's proposal are currently on Medi-Cal and an expansion of full-scope coverage to that age group is expected to cost the General Fund only \$74 million per year.

But a State Senator has proposed an [amendment](#) that would make Medi-Cal available to *all* Californians regardless of immigration status, proposing to immediately add those aged 65 and over and those aged 26 to 64 over time. That expansion would cost >\$3 *billion* per year, an amount equal to 30 *percent* of the annual funding currently allocated to UC, CSU and courts. Because the expansion would be an entitlement, a recession in state revenues would force

additional cuts to UC, CSU and courts. We oppose that amendment -- as should anyone who cares about sustainable funding for UC, CSU, courts and other discretionary programs.

Meanwhile, legislators who care about the health of Medi-Cal's customers should read a recent National Bureau of Economic Research [study](#), which reports a doubling in Medi-Cal spending enriched hospitals but not patient health.



Worse, emergency room use went up.

The legislature and governor must reform a Medi-Cal system that currently produces better profits but not better health. We believe that starts with expanding the scopes of practice permitted nurse practitioners,

physician assistants and nurse midwives, rewarding excellent and punishing poor hospital performance, evaluating Maryland's global hospital budgets policy, and using machine-learning and social services to intervene before costly medical treatment is required. No doubt there are other ideas but one way or another, the state must get better health for the \$100 billion per year it's *already* spending on Medi-Cal—and certainly before it further decimates funding for UC, CSU and courts.

The legislature should reject the amendment to Senate Bill 29 and turn its attention to making Medi-Cal work.

David Crane
President



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